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## Fast Track Proposed Regulation Agency Background Document

<b>Agency name</b>	Virginia Racing Commission
<b>Virginia Administrative Code (VAC) citation</b>	11 VAC 10-45
<b>Regulation title</b>	Advance Deposit Account Wagering
<b>Action title</b>	Adoption of Regulations for Advance Deposit Account Wagering
<b>Document preparation date</b>	May 11, 2004

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 21 (2002) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

### Brief summary

*Please provide a brief summary (no more than 2 short paragraphs) of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes.*

Enter statement here

These proposed regulations provides definitions and interprets rules regarding advance deposit account-wagering and details the application and operation process of an entity wishing to conduct account-wagering business in the Commonwealth. It also details the fees associated with this business and the penalties for violation of said regulations. These regulations are proposed to satisfy the addition of subdivision 5, to § 59.1-369. This notice of the Commission's intent to promulgate these rules was originally released as proposed amendments to 11 VAC 10-20, which was published in the Virginia Register of Regulations, in Volume 19, Issue 26, on September 8, 2003.

### Legal basis

*Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including General Assembly chapter number(s), if applicable,*

and (2) promulgating entity, i.e., the agency, board, or person. Describe the scope of the legal authority and the extent to which the authority is mandatory or discretionary.

Enter statement here

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**Purpose**

*Please explain the need for the new or amended regulation. Describe the rationale or justification of the proposed regulatory action. Detail the specific reasons the regulation is essential to protect the health, safety or welfare of citizens. Discuss the goals of the proposal and the problems the proposal is intended to solve.*

Enter statement here

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**Rationale for using fast track process**

*Please explain the rationale for using the fast track process in promulgating this regulation. Please note: If an objection to the use of the fast-track process is received within the 60-day public comment period from 10 or more persons, any member of the applicable standing committee of either house of the General Assembly or of the Joint Commission on Administrative Rules, the agency shall (i) file notice of the objection with the Registrar of Regulations for publication in the Virginia Register, and (ii) proceed with the normal promulgation process with the initial publication of the fast-track regulation serving as the Notice of Intended Regulatory Action.*

Enter statement here

Currently, there are emergency regulations in place that allow the Virginia Racing Commission to regulate account-wagering companies who wish to apply for, or have been granted a license to conduct business in the Commonwealth. This regulation was created to comply with § 59.1-369. The Commission seeks to ensure that permanent regulations are in place before the expiration of the emergency regulations, so as to prevent an interruption in maintaining jurisdiction and control over these account-wagering companies. Following the “Fast-Track” process is necessary to limit the interruption of regulation.

This regulation was previously submitted as “Emergency/NOIRA,” and currently is in the “Proposed” stage. The regulation is awaiting approval of the Secretary of Commerce and Trade, before proceeding on. This fast-track submission is expected to be completed before the proposed regulation process is completed, and thus the reason for re-submission.

This process is not expected to generate any public comment, controversy, or objection, as the emergency NOIRA regarding these regulations did not result in the offering of any public comment or objection of any kind. The regulation being offered in this fast-track process is identical to the regulation previously submitted with one exception. The chapter number has changed from 20 to 45.

### Substance

*Please briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. (Provide more detail about these changes in the “Detail of changes” section.)*

Enter statement here

Companies operating account-wagering companies in Virginia are now required to meet standards and qualifications established by the Commission, so that they may be licensed and monitored by the Commonwealth. This ensures that only those companies with the highest standards are permitted to conduct business in the Commonwealth. The regulations call for background investigations to be conducted as well as on-going compliance audits, to ensure continuing integrity issues. Additionally, these regulations give the Commission unlimited access to all books, records, memorandum or other relevant materials, for the purposes of avoiding ethical dilemma.

### Issues

*Please identify the issues associated with the proposed regulatory action, including:*

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;*
- 2) the primary advantages and disadvantages to the agency or the Commonwealth; and*
- 3) other pertinent matters of interest to the regulated community, government officials, and the public.*

*If there are no disadvantages to the public or the Commonwealth, please indicate.*

Enter statement here

The primary advantages to the horse racing industry and public are related to the knowledge that this new endeavor in the Commonwealth, advance deposit account wagering, is being monitored through regulation and controlled through licensure. The goal is to ensure that the Commonwealth is aware of who is conducting this type of business and that they are accountable for their business actions.

**Financial impact**

*Please identify the anticipated financial impact of the proposed regulation and at a minimum provide the following information:*

<b>Projected cost to the state to implement and enforce the proposed regulation, including (a) fund source / fund detail, and (b) a delineation of one-time versus on-going expenditures</b>	There is no anticipated cost to the state to implement these regulations, as the Commission currently regulates similar issues and entities.
<b>Projected cost of the regulation on localities</b>	There will be no cost to any locale.
<b>Description of the individuals, businesses or other entities likely to be affected by the regulation</b>	Companies desiring to conduct advance deposit account-wagering business, in the Commonwealth, regarding horse racing and pari-mutuel wagering.
<b>Agency’s best estimate of the number of such entities that will be affected</b>	Companies desiring to conduct advance deposit account-wagering business, in the Commonwealth, regarding horse racing and pari-mutuel wagering.
<b>Projected cost of the regulation for affected individuals, businesses, or other entities</b>	Companies applying for licensure from the Commission are responsible for the cost of the required background investigation. A fee of \$5,000.00 is required upon application and the applicant must also pay any expense in excess of this amount, regarding the investigation.

Enter any other statement here

**Alternatives**

*Please describe any viable alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action.*

Enter statement here

The impact of the proposed regulation is similar to existing regulations that also require specific background information be disclosed by applicants desiring to be licensed by the Commission. The required information to be disclosed is that which is necessary to determine the fitness of the applicant. The proposed regulation is consistent with past Commission requirements and is similar to other racing jurisdictions’ requirements.

**Family impact**

*Please assess the impact of the proposed regulatory action on the institution of the family and family stability.*

Enter statement here

The proposed regulation will have no impact on the family or family stability.

**Detail of changes**

*Please detail all changes that are being proposed and the consequences of the proposed changes. Detail all new provisions and/or all changes to existing sections.*

*If the proposed regulation is intended to replace an emergency regulation, please list separately (1) all changes between the pre-emergency regulation and the proposed regulation, and (2) only changes made since the publication of the emergency regulation.*

For changes to existing regulations, use this chart:

The changes shown below represent changes in chapter and section numbers only, from what was submitted in the Emergency/NOIRA process. There have been no changes to the content of the regulation.

<b>Current section number</b>	<b>Proposed new section number, if applicable</b>	<b>Current requirement</b>	<b>Proposed change and rationale</b>
11 VAC 10-20-10	11 VAC 10-45-10	Chapter changed from #20 to #45	No change in language
11 VAC 10-20-20	11 VAC 10-45-20	“ “	“ “
11 VAC 10-20-30	11 VAC 10-45-30	“ “	“ “
11 VAC 10-20-40	11 VAC 10-45-40	“ “	“ “
11 VAC 10-20-50	11 VAC 10-45-50	“ “	“ “
11 VAC 10-20-60	11 VAC 10-45-60	“ “	“ “
11 VAC 10-20-70	11 VAC 10-45-70	“ “	“ “

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Enter any other statement here